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§ 367.4265 Account 426.5, Other deductions.

This account must include other miscellaneous expenses that are not properly included in service company operations.

§ 367.4270 Account 427, Interest on long-term debt.

(a) This account must include the amount of interest on outstanding long-term debt issued or assumed by the service company, the liability for which is included in account 224, Other long-term debt (§ 367.2240).

(b) This account must be kept or supported so as to show the interest accruals on each class and series of long-term debt.

(c) This account must not include interest on nominally issued or nominally outstanding long-term debt, including securities assumed.

§ 367.4280 Account 428, Amortization of debt discount and expense.

(a) This account must include the amortization of unamortized debt discount and expense on outstanding long-term debt. Amounts charged to this account must be credited concurrently to accounts 181, Unamortized debt expense (§ 367.1810), and 226, Unamortized discount on long-term debt—Debit (§ 367.2260).

(b) This account must be kept or supported so as to show the debt discount and expense on each class and series of long-term debt.

§ 367.4290 Account 429, Amortization of premium on debt—Credit.

(a) This account must include the amortization of unamortized net premium on outstanding long-term debt. Amounts credited to this account must be charged concurrently to account 225, Unamortized premium on long-term debt (§ 367.2250).

(b) This account must be kept or supported so as to show the premium on each class and series of long-term debt.

(c) This account must include the following items:

- (1) Loss relating to investments in securities written-off or written-down.
- (2) Loss on sale of investments.

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(3) Loss on reacquisition, resale or retirement of service company's debt securities.

(4) Preliminary survey and investigation expenses related to abandoned projects, when not written-off to the appropriate operating expense account.

§ 367.4300 Account 430, Interest on debt to associate companies.

This account must include interest accrued on amounts included in account 223, Advances from associate companies (§ 367.2230), and account 233, Notes payable to associate companies (§ 367.2330). The records supporting the entries to this account must be kept so as to show to who the interest is to be paid, the period covered by the accrual, the rate of interest and the principal amount of the advances or other obligations on which the interest is accrued. Separate subaccounts must be maintained for each related debt account.

§ 367.4310 Account 431, Other interest expense.

This account must include all interest charges not provided for elsewhere.

§ 367.4320 Account 432, Allowance for borrowed funds used during construction—Credit.

This account must include concurrent credits for allowance for borrowed funds used during construction.

Subpart I—Retained Earnings Accounts

§ 367.4330 Account 433, Balance transferred from income.

This account must include the net credit or debit transferred from income for the year.

§ 367.4340 Account 434, Extraordinary income.

This account must be credited with gains of unusual nature and infrequent occurrence that would significantly distort the current year's income computed before extraordinary items, if reported other than as extraordinary items. Income tax relating to the amounts recorded in this account must be recorded in account 409.3, Income

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taxes, extraordinary items (§ 367.4093) (See General Instructions in § 367.8).

§ 367.4350 Account 435, Extraordinary deductions.

This account must be debited with losses of unusual nature and infrequent occurrence that would significantly distort the current year's income computed before extraordinary items, if reported other than as extraordinary items. Income tax relating to the amounts recorded in this account must be recorded in account 409.3, Income taxes, extraordinary items (§ 367.4093) (See General Instructions in § 367.8).

§ 367.4360 Account 436, Appropriations of retained earnings.

This account must include appropriations of retained earnings as follows:

(a) Appropriations required under terms of mortgages, orders of courts, contracts, or other agreements.

(b) Appropriations required by action of regulatory authorities.

(c) Other appropriations made at option of the service company for specific purposes.

§ 367.4370 Account 437, Dividends declared—preferred stock.

(a) This account must include amounts declared payable out of retained earnings as dividends on actually outstanding preferred or prior lien capital stock issued by the service company.

(b) Dividends must be segregated for each class and series of preferred stock as to those payable in cash, stock, and other forms. If not payable in cash, the medium of payment must be described with sufficient detail to identify it.

§ 367.4380 Account 438, Dividends declared—common stock.

(a) This account must include amounts declared payable out of retained earnings as dividends on actually outstanding common capital stock issued by the service company.

(b) Dividends must be segregated for each class of common stock as to those payable in cash, stock and other forms. If not payable in cash, the medium of payment must be described with sufficient detail to identify it.

§ 367.4390 Account 439, Adjustments to retained earnings.

(a) This account must, with prior Commission approval, include significant non-recurring transactions accounted for as prior period adjustments, as follows:

(1) Correction of an error in the financial statements of a prior year.

(2) Adjustments that result from realization of income tax benefits of reacquisition operating loss carry forwards of purchased subsidiaries. All other items of profit and loss recognized during a year must be included in the determination of net income for that year.

(b) Adjustments, charges, or credits due to losses on reacquisition, resale or retirement of the company's own capital stock must be included in this account.

Subpart J—Operating Revenue Chart of Accounts

§ 367.4570 Account 457, Services rendered to associate companies.

This account must include amounts billed to associate companies for services rendered at cost (See accounts 457.1 through 457.3 in §§ 367.4571 through 367.4573). Overbillings or underbillings arising from adjustments of estimated costs to actual costs must be cleared through this account and concurrent adjustments made to other accounts involved.

§ 367.4571 Account 457.1, Direct costs charged to associate companies.

This account must include those direct costs that can be identified through a cost allocation system as being applicable to services performed for associate companies. This account must not include any compensation for use of equity capital or inter-company interest on indebtedness.

§ 367.4572 Account 457.2, Indirect costs charged to associate companies.

This account must include recovery of those indirect costs that cannot be separately identified to a single or group of associate companies and therefore must be allocated. Only journal or memorandum entries should be prepared monthly, by departments, for